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NORTHERN DISTRICT OF CALIFORNIA

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**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

FREDRIC GREENWALD, individually and on)	Civil Action No.
behalf of all others similarly situated,)	
)	CLASS ACTION COMPLAINT
Plaintiff,)	FOR VIOLATIONS OF
)	SECURITIES LAWS
vs.)	
)	
XIAOFENG PENG, JACK LAI, and)	
LDK SOLAR CO., LTD.)	
)	<u>JURY TRIAL DEMANDED</u>
Defendants.)	

INTRODUCTION

1. Plaintiff, individually brings this class action on behalf of all other persons similarly situated, (the "Class"), other than defendants and their affiliates, who purchased or otherwise acquired American Depositary Shares ("ADS's") of LDK Solar Co., Ltd. ("LDK" or the "Company") between August 1, 2007 through and including October 8, 2007 (the "Class

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1 Period”) for violations of the federal securities laws. Plaintiffs seek to recover damages caused
2 to the Class by defendants’ violation of Section 10(b) of the Securities Exchange Act of 1934
3 (the “Exchange Act”).

4 2. Plaintiff, Fredric Greenwald, by and through his attorneys, alleges the following
5 upon information and belief, except as to those allegations concerning Plaintiff, which are
6 alleged upon personal knowledge. Plaintiff’s information and belief are based upon, among
7 other things, his counsel’s investigation, which includes without limitation: (a) review and
8 analysis of filings made by LDK with the United States Securities and Exchange Commission
9 (“SEC”); (b) review and analysis of securities analysts’ reports concerning LDK (c) review and
10 analysis of press releases and other publications disseminated by Defendants; and (d) review of
11 other publicly available information concerning LDK.

12 JURISDICTION AND VENUE

13 3. This Court has jurisdiction over the subject matter of this action pursuant to
14 Section 27 of the Exchange Act (15 U.S.C. § 78aa).

15 4. This action arises under Sections 10(b) and 20(a) of the Exchange Act, 15 U.S.C.
16 §§78(j)(b) and 78(t), and the rules and regulations promulgated thereunder, including SEC Rule
17 10b-5, 17 C.F.R. 240.10b-5.

18 5. Venue is proper in this District pursuant to Section 27 of the Exchange Act (15
19 U.S.C. § 78aa). Substantial acts in furtherance of the alleged fraud and/or its effects have
20 occurred within this District, and the Company maintains its principal executive offices in this
21 District. Many of the acts giving rise to the violations of law complained of herein occurred in
22 this District, including the preparation and dissemination of false press releases and false
23 financial statements filed with the SEC and reported to the financial media.

24 6. In connection with the acts and omissions alleged in this Complaint, Defendants,
25 directly or indirectly, used the means and instrumentalities of interstate commerce, including, but
26 not limited to, the mails, interstate telephone communications, and the facilities of the national
27 securities markets.

28 PARTIES

1 7. Plaintiff, Fred Greenwald purchased 600 ADS's of LDK during the Class Period,
2 as set forth in the certification attached hereto.

3 8. Defendant LDK is a corporation registered under the laws of the Cayman Islands.
4 The Company's United States office is located at 1290 Oakmead Parkway, Suite 306, Sunnyvale,
5 California and its Chinese headquarters is located at Hi-Tech Industrial Park, Xinyu City, Jiangxi
6 Province, 338032, People's Republic of China. LDK, together with its wholly-owned
7 subsidiaries (including but not limited to LDK Solar USA, Inc.), is a leading manufacturer of
8 multicrystalline solar wafers. Solar wafers are the principal raw material used to produce solar
9 cells which convert sunlight into electricity. LDK sells multicrystalline wafers globally to
10 manufacturers of photovoltaic products, including solar cells and solar modules. In addition, the
11 company provides wafer processing services to monocrystalline and multicrystalline solar cell
12 and module manufacturers.

13 9. Defendant Xiaofeng Peng ("Peng") has been at all relevant times LDK's
14 Chairman and Chief Executive Officer. Mr. founded LDK in July 2005. He beneficially owns
15 approximately 72.0% of the Company's outstanding shares.

16 10. Defendant Jack Lai ("Lai") has been at all relevant times LDK's Chief Financial
17 Officer.

18 11. Defendants Peng and Lai, are sometimes referred to as the "Individual
19 Defendants."

20 12. It is appropriate to treat the Individual Defendants as a group for pleading
21 purposes and to presume that the materially false and misleading information conveyed in
22 LDK's public filings, press releases and other group-published documents addressed herein
23 reflect the collective work of the Individual Defendants. Each of the Individual Defendants, by
24 virtue of his or her position with the Company, was a corporate insider and directly participated
25 in the day-to-day operations and affairs of the Company at the highest levels and was privy to
26 confidential proprietary information regarding the Company and its business operations,
27 products, growth, financial statements and financial condition, as alleged herein. During the
28

1 Class Period, the Individual Defendants were involved in the drafting, preparation, review and/or
2 dissemination of the Registration Statement/Prospectus, various public shareholder and investor
3 reports and other communications which contained the materially false and misleading
4 information alleged herein and were aware of, or recklessly disregarded, that materially false and
5 misleading statements were being issued regarding the Company, and approved or ratified these
6 statements, in violation of the federal securities laws.
7

8 13. During the Class Period, the Individual Defendants participated in preparing,
9 reviewing, approving and/or certifying consolidated financial statements for LDK that purported
10 to conform with applicable regulatory requirements and Generally Accepted Accounting
11 Principles ("GAAP"). These financial statements were filed with the SEC, and disseminated to
12 the public, through inter alia, the Registration Statement/Prospectus, Company press releases,
13 quarterly reports, and in other communications with investors, credit rating agencies, bank
14 lenders and securities analysts. The financial information contained therein misrepresented that
15 LDK's financial statements were accurate.
16

17 14. The Individual Defendants were aware of, or recklessly disregarded, the
18 misstatements contained in the Registration Statement/Prospectus, SEC filings, press releases
19 and other public statements complained of herein, and their materially false and misleading
20 nature. Because of their LDK Board membership and/or executive and managerial positions,
21 each of the Individual Defendants had access to the materially adverse undisclosed information
22 about LDK and its financial condition and performance as particularized herein, and knew or
23 recklessly disregarded that these adverse facts rendered the representations made by them on
24 LDK materially false and misleading.
25

26 15. As officers and/or directors and controlling persons of a publicly held company
27 whose common stock was, and is, registered with the SEC pursuant to the Exchange Act and
28

1 traded on the New York Stock Exchange, and governed by the provisions of the federal
2 securities laws, the Individual Defendants each had a duty to disseminate promptly accurate and
3 truthful information with respect to the Company's financial condition and performance, growth,
4 operations, financial statements, business, products, markets, management, earnings and present
5 and future business prospects, and to correct any previously issued statements that were known
6 to have become materially false or misleading, so that the market price of the Company's
7 publicly traded securities would be based upon truthful and accurate information, but failed to do
8 so.

10 16. The Individual Defendants, because of their positions of control and authority as
11 officers and/or directors of the Company, were able to and did control the content of the various
12 SEC filings, press releases and other public statements pertaining to the Company discussed
13 herein. Each Individual Defendant was provided with copies of the documents alleged herein to
14 be misleading prior to or shortly after their issuance and/or had the ability and/or opportunity to
15 prevent their issuance or cause them to be corrected. Accordingly, each Individual Defendant is
16 responsible for the accuracy of the Registration Statement/Prospectus, SEC filings, press releases
17 and other public statements detailed herein and is therefore liable for the representations
18 contained therein.

19 CLASS ACTION ALLEGATIONS

20 17. Plaintiff brings this as a class action pursuant to Federal Rule of Civil Procedure
21 23(a) and (b)(3) on behalf of all persons who purchased LDK ADS's during the Class Period.
22 Excluded from the Class are Defendants, officers and directors of the Company, members of the
23 immediate families of the Individual Defendants and each of their legal representatives, heirs,
24 successors or assigns and any entity in which any Defendant has or has had a controlling interest.

25 18. This action is properly maintainable as a class action because:

26 a. The members of the proposed Class in this action are dispersed throughout
27 the United States and are so numerous that joinder of all Class members is impracticable. While
28

1 the exact number of Class members is unknown to Plaintiff at this time and can only be
2 ascertained through appropriate discovery, Plaintiff believes that Class members number in the
3 thousands. Millions of LDK shares were traded publicly on the NYSE under the symbol "LDK".
4 The Company reported that 17.3 million ADS's were outstanding as of June 30, 2007;

5 b. Plaintiff's claims are typical of those of all members of the Class because
6 all have been similarly affected by Defendants' actionable conduct in violation of federal
7 securities laws as alleged herein;

8 c. Plaintiff will fairly and adequately protect the interests of the Class and
9 has retained counsel competent and experienced in class action litigation. Plaintiff has no
10 interests antagonistic to, or in conflict with, the Class that Plaintiff seeks to represent;

11 d. A class action is superior to other available methods for the fair and
12 efficient adjudication of the claims asserted herein because joinder of all members is
13 impracticable. Furthermore, because the damages suffered by individual members of the Class
14 may be relatively small, the expense and burden of individual litigation make it virtually
15 impossible for Class members to redress the wrongs done to them. The likelihood of individual
16 Class members prosecuting separate claims is remote;

17 e. Plaintiff anticipates no unusual difficulties in the management of this
18 action as a class action; and

19 f. the questions of law and fact common to the members of the Class
20 predominates over any questions affecting individual members of the Class.

21 Among the questions of law and fact common to the Class are:

22 i. whether Defendants' acts and/or omissions as alleged herein
23 violated the federal securities laws;

24 ii. whether statements made by Defendants to the investing public
25 during the Class Period and in the Registration Statement/Prospectus misrepresented an/or
26 omitted material facts about the financial condition of LDK;

27 iii. whether the Company's Class Period public statements and filings
28 misrepresented and/or omitted material facts;

iv. whether Defendants acted with knowledge or with reckless disregard for the truth in misrepresenting and/or omitting material facts;

v. whether Defendants participated in and pursued the common course of conduct complained of herein;

vi. whether the market price of LDK securities was inflated artificially as a result of Defendants' material misrepresentations and/or omissions during the Class Period; and

vii. to what extent the members of the Class have sustained damages and the proper measure of damages.

**APPLICABILITY OF PRESUMPTION OF
RELIANCE: FRAUD-ON-THE-MARKET DOCTRINE**

19. The market for LDK's ADS's was open, well-developed and efficient at all relevant times. As a result of these materially false and misleading statements and failures to disclose, LDK's ADS's traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired LDK ADS's relying upon the integrity of the market price of LDK's ADS's and market information relating to LDK, and have been damaged thereby.

20. At all relevant times, the market for LDK's securities was an efficient market for the following reasons, among others:

(a) LDK's ADS's met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;

(b) As a regulated issuer, LDK filed periodic public reports with the SEC and the NYSE;

(c) LDK regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

1 (d) LDK was followed by several securities analysts employed by major
2 brokerage firms who wrote reports, which were distributed to the sales force and certain
3 customers of their respective brokerage firms. Each of these reports was publicly available and
4 entered the public marketplace.

5 21. As a result of the foregoing, the market for LDK's ADS's promptly digested
6 current information regarding LDK from all publicly available sources and reflected such
7 information in LDK's stock price. Under these circumstances, all purchasers of LDK's
8 securities during the Class Period suffered similar injury through their purchase of LDK's
9 securities at artificially inflated prices and a presumption of reliance applies.

10 **THE FALSE AND MISLEADING STATEMENTS**

11 22. On May 31, 2007, LDK filed a registration statement on Form F-1 (the
12 "Registration Statement") and Prospectus (together the "Registration Statement/Prospectus")
13 with the SEC for a proposed initial public offering of 17,384,000 ADS's, representing
14 17,384,000 ordinary shares of the company (the "IPO").

15 23. That same day, on May 31, 2007, LDK issued a press release and announced its
16 IPO had been priced at US \$27.00 per ADS and that the ADSs, each representing one ordinary
17 share of the company, would begin trading on June 1, 2007 on the New York Stock Exchange
18 under the symbol "LDK". In addition, LDK granted the Underwriters a 30-day option to
19 purchase up to an additional 2,607,600 ADSs to cover overallotments.

20 24. LDK's ADS's began trading on the NYSE on June 1, 2007.

21 25. The Registration Statement/Prospectus, represented the following about the
22 Company's business and operations:
23

24 We manufacture multicrystalline solar wafers, which are thin sheets
25 of crystalline silicon material primarily made by slicing
26 multicrystalline ingots or monocrystalline boules. Solar wafers are
27 the principal raw material used to produce solar cells, which are
28 devices capable of converting sunlight into electricity. We sell
multicrystalline wafers globally to manufacturers of photovoltaic
products, including solar cells and solar modules. We produce and

1 sell multicrystalline solar wafers between 180 and 240 microns in
2 thickness. In addition, we provide wafer processing services to
3 monocrystalline and multicrystalline solar cell and module
4 manufacturers.

5 We manufacture multicrystalline ingots from polysilicon feedstock
6 in our directional solidification system furnaces, or DSS furnaces,
7 as an interim step in producing wafers. In addition to using solar-
8 grade virgin polysilicon, we also use other polysilicon materials
9 from various sources in our ingot manufacturing process. We have
10 developed proprietary production processes for the use of
11 polysilicon scraps and recyclable polysilicon in manufacturing our
12 ingots while maintaining our product quality and performance. We
13 use substantially all of our ingots for production of our own wafers.
14 In addition, we also sell polysilicon materials, which include ingots
15 and polysilicon scraps.

16 As of March 31, 2007, we had an annual multicrystalline wafer
17 production capacity of approximately 215 megawatts, or MW. We
18 have entered into contracts to purchase additional equipment that is
19 expected to be sufficient for our planned expansion to
20 approximately 400 MW by the end of 2007 and approximately 600
21 MW by mid-2008. We intend to continue to increase our annual
22 production capacity to approximately 800 MW by the end of 2008.
23 However, we currently do not have contractual commitments for all
24 the equipment necessary for the expansion of our production
25 capacity beyond 600 MW.

26 Despite the current industry-wide shortage of polysilicon, we have
27 inventory and commitments from suppliers that we believe will
28 satisfy over 90% of our estimated requirements through the end of
2007 and approximately 50% of our estimated requirements for
2008. Many of our polysilicon supply agreements are subject to
fluctuating market prices or price negotiations with our suppliers.
The majority of our polysilicon feedstock consists of polysilicon
scraps and recyclable polysilicon. In addition to polysilicon scraps
and recyclable polysilicon, we also use virgin polysilicon for our
polysilicon feedstock. We have purchased polysilicon scraps and
recyclable polysilicon from semiconductor materials trading
companies, including Komex Inc., or Komex, Kunic International
Group Ltd., or Kunic, and Prime GLP Inc., or Prime. We have
also purchased virgin polysilicon from virgin polysilicon
manufacturers. In addition, some of our major customers, including
Canadian Solar Inc., or CSI, and Q-Cells AG, or Q-Cells, have
supplied us with polysilicon feedstock. We also source polysilicon
feedstock from the spot market from time to time depending on the
price and our requirements.

1 26. The Registration Statement/Prospectus was negligently prepared and, as a result,
2 contained untrue statements of material facts or omitted to state other facts necessary to make the
3 statements made not misleading because as detailed below, Defendants concealed the full extent
4 of its improper inventory control procedures and that it the Company was inaccurately reporting
5 its inventory.

6
7 27. On August 1, 2007, LDK filed a Form 6-K with the SEC that incorporated the
8 Company's unaudited financial results for the second quarter ended June 30, 2007. Defendant
9 Lai signed the Form 6-K.

10 28. On August 1, 2007, LDK issued a press release that incorporated the Company's
11 unaudited financial results for the second quarter ended June 30, 2007. The press release
12 reported, as follows:

13 All financial results are reported on a U.S. GAAP basis.

14 Second Quarter 2007 Financial Highlights:

- 15 • Revenue of \$99.1 million, up 716% from the year ago
 quarter
- 16 • Gross profit of \$34.9 million, up 1,265% from the year
 ago quarter
- 17 • Net income of \$28.7 million, or \$0.29 per diluted ADS,
 up 2,083% from the year ago quarter
- 18 • Increased annualized multicrystalline wafer production
19 capacity from 215 MW to 300 MW, up 40% quarter-
 over-quarter

20 Net sales for the second quarter of fiscal 2007 were \$99.1 million,
21 up 35% sequentially from \$73.4 million for the first quarter of
22 fiscal 2007, and up 716% year-over-year from \$12.1 million for
the second quarter of fiscal 2006.

23 Gross profit for the second quarter of fiscal 2007 was \$34.9
24 million, up 23% sequentially from \$28.4 million for the first
25 quarter of fiscal 2007, and up 1,265% year-over-year from \$2.6
26 million for the second quarter of fiscal 2006. Gross margin for the
27 second quarter of fiscal 2007 was 35.2%, compared with 38.7% in
28 the first quarter of fiscal 2007 and 21.0% in the second quarter of
fiscal 2006.

1 Net income for the second quarter of fiscal 2007 was \$28.7
2 million, or \$0.29 per diluted ADS, compared to net income of
3 \$24.5 million, or \$0.27 per diluted ADS for the first quarter of
4 fiscal 2007, and \$1.3 million, or \$0.02 per diluted ADS for the
5 second quarter of fiscal 2006.

6 The Company ended the second quarter of fiscal 2007 with \$250.6
7 million in cash and cash equivalents.

8 "We are pleased to report strong results for the second quarter, our
9 first as a public company," stated Xiaofeng Peng, Chairman and
10 CEO of LDK Solar. "Our results demonstrate our success in
11 providing our customers, leading global solar cell and module
12 manufacturers, with high-quality multicrystalline solar wafers at
13 significant cost advantages. During the quarter, we executed our
14 growth strategy on plan and continued the rapid expansion of our
15 production capacity. In addition to ramping our production lines,
16 we continued to make progress on our cost reduction efforts
17 through further advancements of our production processes.

18 "We recently ordered additional DSS furnaces and wire saws to
19 further expand our manufacturing capacity to 1,600 MW by the
20 end of 2009. We also announced the purchase of polysilicon
21 production equipment, enabling LDK to produce virgin silicon
22 feedstock. By augmenting our strategy upstream, we believe we
23 will enhance our cost efficiencies," concluded Mr. Peng.

24 ***

25 For the third quarter of fiscal 2007, LDK estimates revenue is
26 expected to be in the range of \$115 to \$125 million and fully
27 diluted earnings per ADS of \$0.29 to \$0.32.

28 29. The Company also held an Earnings Conference Call on August 1, 2007 to
discuss the second quarter results. During the call, Defendant Lai stated in relevant part,
"Inventories increased from \$140 million at the end of the first quarter to \$174 million at the end
of the second quarter, as we accumulated additional silicon-free stock."

30. On September 18, 2007, LDK published an investor presentation that contained
the Company's balance sheet information. The balance sheet highlighted the Company's growth
in inventories (\$174 million) as of June 30, 2007 compared to \$114.2 million in the previous
quarter.

1 31. On information and belief, on September 25, 2007, LDK's financial controller,
2 Charlie Situ, sent a series of e-mails to regulators, auditors and investment bankers saying that he
3 had quit LDK because his bosses refused to write off bad inventory.

4 32. On October 3, 2007, Reuters reported that one of LDK's financial controllers had
5 departed the Company after making allegations about LDK's poor controls and inventory
6 discrepancies. The Reuters article stated, in relevant part:

7
8 In an analyst research note, Piper Jaffray said it had confirmed that
9 LDK's financial controller had recently left the company. "We are
10 also aware of the former controller's allegations of poor financial
11 controls and a 250-tonne inventory discrepancy. "News of the
12 departure may pressure the stock short term," the note said.

13 Piper Jaffray said the allegations were made to both the Securities
14 and Exchange Commission and the external auditor KPMG. It
15 said it has spoken to LDK's chief financial officer who assured
16 Piper of its 1,000-tonne inventory of polysilicon, an essential raw
17 material in the production of solar cells for panels that convert
18 sunlight to electricity.

19 On this news, the Company's stock closed down \$16.66, or 24.39 percent, at \$51.65 and fell
20 further, to \$47.49, in after-hours trading.

21 33. The next day, on October 4, 2007, LDK issued a press release and defended its
22 bookkeeping. The Company announced that a management team took a physical inventory of
23 LDK's polysilicon feedstocks and found no accounting discrepancies. The press release stated:

24 A few days ago, a former financial staff member of LDK, Charley
25 Situ, who was terminated for cause on September 25, 2007, sent
26 email letters to LDK's management and others subsequent to his
27 termination alleging inconsistencies in LDK's inventory reporting.
28 Mr. Situ was originally hired as a Financial Controller in March,
2007, reporting to Qiqiang Yao, LDK's Vice President and Chief
Accounting Officer, who reports to Jack Lai, Executive Vice
President and Chief Financial Officer. In response to the
allegations and in accordance with instructions of the board of
directors, LDK's management team and board of directors formed
an internal committee to investigate the allegations and conduct an
immediate physical inventory of LDK's polysilicon materials. The
management team found no material discrepancies as compared to
LDK's financial statements. The management team believes that

1 these allegations have no merit. Additionally, the Audit Committee
2 has asked an independent auditing firm to conduct a separate,
3 independent engagement on LDK's inventory. These findings are
4 expected to be disclosed after the completion of the review and
consideration of the Audit Committee. LDK has not been
contacted by any regulatory authority regarding this matter."

5 34. On October 8, 2007, Barron's published an article entitled "China Solar Boom
6 Loses Its Luster," and reported that LDK may be overstating earnings and the value of its
7 inventories. According to Barron's senior editor Bill Alpert, after talking to someone with
8 knowledge of LDK's manufacturing, that person said that LDK's silicon ingots were so impure
9 that they were too contaminated for technicians even to analyze with instruments. The Barron's
10 article detailed LDK's manufacturing problems and the unreliability of the Company's internal
11 information:
12

13 So firms like LDK...have developed recipes that use large portions
14 of recycled silicon. LDK has more than 3,000 workers sorting and
15 testing scrap the company obtains from broken wafers,
16 semiconductor rejects and ingot sawdust. LDK brags that its secret
17 recipe lets it make wafers with as little as 25% virgin polysilicon.
Since silicon accounts for 75% of LDK's cost-of-goods-sold, the
potential savings are a big deal.

18 And LDK's industry-leading profit margin of 29% would seem to
19 validate the savings from the company's scrap recipe. But those
20 savings may be a mirage, according to the allegations of ex-
21 controller Situ and a person familiar with LDK's manufacturing.
22 Via a translator, Barron's learned that LDK's furnaces are often
23 short of usable feedstock, even though the company's piles of
24 silicon scrap keep growing. The factory's internal information is
25 unreliable, with one record reportedly indicating that LDK's
26 wafer-cutting saws had an impossible yield of 140%. Industry
27 experts say that most wafer-cutting enterprises break even at 90%
28 usable yields. Instead, according to the person knowledgeable
about the manufacturing, LDK's wafering operation has yields that
actually range from 55% to 70%. The company won't comment on
its yields.

Low yields from LDK's production may stem from its practice of
buying just about any scrap that has silicon in it, says this same
person. Several months back, the company's furnaces produced a
batch of several dozen 270-kilo ingots so motley that testing

instruments couldn't even tell whether the resulting silicon was positively or negatively charged. The virgin-silicon supplier MEMC was so alarmed at the quality of wafers produced by LDK, says the source, that it stationed its own quality-control monitor at the LDK factory in China's Jiangxi province.

35. The October 8, 2007 Barron's article also reported that LDK's inventories may be overvalued by as much as \$92 million:

In his resignation letter, Situ said that LDK's inventories might be overvalued by \$46 million to \$92 million, which is more than the company reported in profits before its May 31 initial offering in the U.S. E-mail discussions that started before the May IPO showed Situ trying to get colleagues to reconcile discrepancies between LDK's accounting ledger and its warehouse ledger. A spreadsheet circulated by Situ showed that by the end of August, LDK warehouse records listed about \$54 million worth of silicon feedstock, but accounting records showed \$100 million.

Through August, according to Situ's spreadsheet, LDK sank about \$119 million of cash into inventory.

Situ's internal campaign ended on Sept. 13, when financial chief Lai held a conference call with him and other accounting staff. Situ argued that LDK should take a charge for its unusable silicon scrap. In a subsequent statement, Situ says the conference ended when he was overruled by the company's chief accounting officer, Qiqiang Yao. The ruling: Silicon scrap that was not usable today might someday become usable with the new processing techniques.

Situ says he quit after that decision, not wanting to be party to what he considers a stock fraud.

(Emphasis added).

36. On October 8, 2007, CNN Money reported that "Chief Financial Officer Jack Lai said that in a matter of days, the company likely would file a report with the Securities and Exchange Commission and publish information reconciling data from a management assessment that [was] collected by its independent auditing firm on its inventory of polysilicon, the raw material for solar-cell manufacturing." The CNN Money article further reported, that Mr. Lai

1 was "interviewed by Clean Technology Investor on October 5, 2007, via telephone at his office
2 in Sunnyvale, California and Lai said he was about to fly to China, where he expected to arrive
3 Sunday evening and focus on "getting this matter resolved." He said neither the SEC nor any
4 other regulatory bodies have contacted the company. Lai said LDK expects to meet all of its
5 revenue, production and delivery targets regardless of the allegations about its inventories. For
6 its third quarter ended Sept. 30, LDK estimated revenue of between \$115 million and \$125
7 million."

9 37. The Company's ADS's which had traded as high as \$76.75 on September 27,
10 2007, sank \$13.45 on October 8, 2007, or 26 percent, to close at \$37.50.

11 38. On October 9, 2007, LDK issued a press release entitled "LDK Solar Comments
12 on Recent Events and Updates Q307 Revenue Guidance to Between \$140 to \$150 Million" and
13 stated the following:
14

15 On October 4, 2007, LDK Solar issued a statement refuting certain
16 allegations made by a former employee who was terminated for
17 cause regarding its inventory reporting after LDK's management
18 conducted an internal investigation and physical inventory counts
19 and found no material discrepancies as compared to LDK's
20 published financial statements. In addition, LDK's Audit
Committee is in the process of conducting a review of the inventory
and will disclose its findings to the public in due course. LDK's
management team continues to believe that the allegations made by
a disgruntled, former employee have no merit.

21 LDK Solar would like to clarify certain misperceptions that have
22 recently been circulated.

- 23 • LDK management stands by its internal review of the
24 inventory and does not believe there are any material
25 inconsistencies with what LDK has disclosed in its financial
statements.
- 26 • LDK uses both virgin and recyclable polysilicon for ingot
27 production. LDK's ability to use recycled silicon in the
28 manufacturing process is a key strength of the company in
its efforts to enhance its cost structure. LDK consistently

accounts for its various grades of recycled polysilicon used in its production process.

- LDK's inventory is subject to periodic review and examination by both internal and external working parties, including LDK's independent auditors, in connection with the preparation by LDK of its quarterly financial statements and, to date, they have not found any material inconsistencies.
- LDK's OEM business consistently uses polysilicon feedstock consigned by its customers; such feedstock does not mix with LDK's own inventory. There have not been any customers sending on-site quality inspectors to LDK Solar plants to question the quality of the shipped wafers.
- LDK has continued its wafer production, shipment to customers and capacity expansion as planned.

Based on preliminary management reports, LDK exceeded its original plan and shipped approximately 75 MW of wafers in the third fiscal quarter ended September 30, 2007. As a result, LDK hereby updates its Q307 revenue guidance from \$115 to \$125 million to \$140 to \$150 million.

Defendant Peng commented on the Company's inventory accounting practices and stated:

As we previously indicated, we believe that there is no merit in the allegations made about our inventory accounting practices, our business operations are normal and we continue making shipments to fulfill our customers' orders. We remain confident that we have the appropriate financial controls and procedures in place for inventory reporting, and look forward to putting this unfortunate matter behind us.

39. On October 9, 2007, Greentech Media reported that the Company's inventory includes unusable materials. The article stated in relevant part:

As LDK Solar faces allegations of inconsistencies in its silicon inventory, the company said it counts among its inventory materials that critics say are unusable. In an invitation-only conference-call on Thursday, a recording of which was obtained by Greentech Media, LDK Chief Financial Officer Jack Lai said the company includes wire-saw slurry and so-called off-spec broken wafers in its silicon inventory.

1 But while he said wire-saw slurry - the sawdust produced when
2 silicon is cut - is not booked in the inventory until it is processed
3 into a usable form, Lai said that off-spec broken wafers - broken
4 pieces of wafers that didn't meet performance specifications - are
5 recorded as part of the inventory right away.

6
7 Analysts say these off-spec broken wafers can't yet be refined into
8 usable silicon without great expense.

9
10 "When [wafers] are purchased, they will be booked as inventory
11 and they will be processed to check the ... receptivity and to
12 prepare to be ready for production usage," Lai said. Lai didn't say
13 how much of the inventory is made up of off-spec broken wafers
14 and the company didn't respond to calls asking for clarification by
15 press time.

16
17 A Piper Jaffray report last week included allegations by Charley
18 Situ, a former financial controller at LDK, of inconsistencies in the
19 company's inventory of solar-grade silicon.

20 ***

21
22 Shareholders care about the company's silicon inventory because -
23 with a worldwide shortage of solar-grade silicon - sales, margins
24 and profits all directly relate to the amount of silicon a company is
25 able to obtain and the price it must pay to get it.

26
27 LDK claims it pays less for silicon than some of its competitors
28 because only 10 to 25 percent of its silicon is so-called "virgin"
silicon, or the unused, high-grade silicon favored by most solar
manufacturers. The company says it buys used silicon for less and
recycles it, processing it into a usable form.

But the allegations raise questions about whether LDK's future
margins will be as lucrative as expected.

During the conference call, Lai said he didn't know how Situ got
his numbers and repeated that the inventory matches LDK's ledger.
"In my personal opinion, he has many, many misperceptions about
the inventory," Lai said. "My understanding is that he does not
understand the different grades of silicon material we have in the
warehouse. "And if you are not familiar yet, the LDK business
model is to use mostly recyclable materials rather than virgin
silicon. ... I think he misunderstood the definition of polysilicon
material in LDK." Aside from the different types of silicon in
LDK's warehouse, another potential misunderstanding by Situ
might be related to silicon being transported to the warehouse, Lai
said. LDK books silicon in its inventory once it pays for the

1 material, even though it isn't physically in the warehouse yet, Lai
2 said. He compared it to buying something from a department store
3 and having left the store, but not having brought it home yet. Once
4 the company assumes the title - and the liability - the silicon is
5 LDK's property and can be included in the books appropriately, he
6 said. About one-fifth of the company's silicon is in transit, Lai
7 said.

8 Do Off-Spec Wafers Count?

9 Analysts said the main question is whether LDK is justified in
10 counting in its inventory silicon that it might not be able to use yet,
11 but that it expects to be able to use one day.

12 Michael Rogol, managing director of Photon Consulting, said LDK
13 - along with competitor ReneSola - have been particularly
14 successful in removing impurities so far. "This issue is complex
15 because LDK is very good at using silicon that other companies
16 often can't use," he said. "What one company would call waste
17 silicon and write off, LDK is sometimes able to turn into solar
18 wafers. ... That makes it harder to account for the silicon."

19 But Paula Mints, principal solar analyst at Navigant Consulting,
20 called the practice of including off-spec broken wafers "highly
21 questionable." She said it is "highly unlikely" off-spec broken
22 wafers will be usable without undergoing a "very expensive
23 purifying process that probably wouldn't be worth doing." While
24 Mints said she isn't familiar with inventory rules in China, she said
25 it is typical for U.S. and European companies to write off any off-
26 spec equipment, raw material or product right away.

27 Mark Cox, CEO of New Energy Fund, said it's clear the stock
28 market doesn't believe the company is being disciplined enough in
looking after its silicon. The company should consider the amount
of money it will cost to purify any lower-quality silicon and find a
way to include that cost in its inventory accounting, he said.

Travis Bradford, president of the Prometheus Institute, said the real
issue is whether LDK bought material it can't use. "If so, they need
to take the earnings hit and write down their inventory," he said.
"The point is that they may have done that because they wanted to
show they were more profitable than they were, or they might have
done that because they believe the inventory is still usable." His
advice to LDK would be to err of the conservative side, removing
any questionable inventory from its books until it becomes usable.
But he added the company has been "reasonably forthcoming"
about the issue and most companies include "nonvirgin" silicon
(read: used silicon) in their inventories. The stock reaction has less

1 to do with the quality of LDK's silicon inventory and more to do
2 with general market perception that solar stocks and Chinese stocks
3 are in a frenzy, Bradford said. "At this point, it's commonly
4 believed that the investment in these stocks is in a bubble mentality,
5 but nobody knows when that bubble's going to burst, and so small
6 anxieties become panics," he said.

7 Wider Implications

8 The company's troubles could have wider implications for the
9 industry, including the potential for an even tighter silicon shortage
10 than expected and the possibility of more detailed disclosures about
11 silicon inventories in the future, analysts said. Mints said the
12 situation shows that people need to be "more suspicious" about
13 company's claims. "There are a lot of issues of poor quality wafers
14 and cells coming out of China," she said. "It isn't a surprise to
15 anyone in the industry - although the scale [of this situation] is. ...
16 It's an indication that more research needs to be done on every
17 company, but - unfortunately - especially on the companies in
18 China." A number of industry forecasts are based on the idea that
19 there will be a "huge glut" of product coming from China, Mints
20 said. If the LDK situation is an indication that glut might not
21 arrive, it means those forecasts will need to be revised, she said.

22 Cox said investors and analysts are definitely going to have more
23 questions about other companies' silicon inventories now. "This is
24 going to go through the entire industry," he said. "People are going
25 to want to find out how everybody manages their silicon
26 inventories."

27 Even if LDK's accounting turns out to be common practice, it
28 highlights a lack of clearly defined standards for accounting of all
the different types of silicon used in the solar industry. As in the oil
industry, where companies have to figure out how much of their
stockpiles are "recoverable reserves," silicon accounting isn't cut
and dried, Bradford said. "Accounting questions are never clear,"
he said. "It all comes down to perception and accountability, based
on a valuation. The assumption is the inventory is worth at least
what you paid for it. If you discover it's worth less than what you
paid for it, you have to take a write-down." If the issue proves to be
more widespread than just LDK and relevant to the industry,
Bradford said companies could well be asked to separate out
different types of silicon in their reporting. But if the silicon
shortage ends and more virgin silicon becomes available, the issue
might not be large enough to matter, he said.

Toward the end of the call, Lai said that after the independent audit
is complete, the audit committee will review it along with the

1 results from LDK's internal investigation and form a conclusion.
2 Then, the company's lawyer will draft a report to file with the U.S.
3 Securities and Exchange Commission. With so much at stake, you
4 can be sure investors - along with the industry as a whole - will
5 await the independent audit with bated breath.

6 40. Defendants statements throughout the Class Period, including the statements
7 made in the Registration Statement/Prospectus, were false and misleading because:

8 (a) Defendants overstated LDK's inventory of polysilicon prior to and during
9 the Class Period;

10 (b) The Company failed to disclose that it maintained poor financial controls
11 and procedures; and

12 (c) LDK's solar wafer production yields were far below the company's
13 reported levels and the industry's norms.

14 **COUNT I**

15 **Violation of Section 10(b) of the Exchange Act and 16 Rule 10b-5 of the Securities and Exchange Commission 17 (Against All Defendants)**

18 41. Plaintiff repeats and realleges each and every allegation contained in the
19 foregoing paragraphs as if fully set forth herein.

20 42. This Count is asserted against all Defendants and is based upon Section 10(b) of
21 the 1934 Act, 15 U.S.C. §78j(b), and Rule 10b-5 promulgated thereunder.

22 43. During the Class Period, Defendants directly engaged in a common plan, scheme,
23 and unlawful course of conduct, pursuant to which they knowingly or recklessly engaged in acts,
24 practices, and courses of business which operated as a fraud and deceit upon plaintiffs and the
25 other members of the Class, and made various deceptive and untrue statements of material facts
26 necessary in order to make the statements made, in light of the circumstances under which they
27 were made, not misleading to plaintiffs and the other members of the Class. The purpose and
28 effect of said scheme, plan, and unlawful course of conduct was, among other things, to induce
plaintiffs and the other members of the Class to purchase or otherwise acquire LDK ADS during
the Class Period at artificially inflated prices.

1 44. During the Class Period, Defendants, pursuant to said scheme, plan, and unlawful
2 course of conduct, knowingly and recklessly issued, caused to be issued, participated in the
3 issuance of, the preparation and issuance of deceptive and materially false and misleading
4 statements to the investing public as particularized above.

45. As a result of the dissemination of the false and misleading statements set forth above, the market price of LDK securities were artificially inflated during the Class Period. In ignorance of the false and misleading nature of the statements described above and the deceptive and manipulative devices and contrivances employed by said defendants, plaintiff and the other members of the Class relied, to their detriment, on the integrity of the market price of the stock in purchasing or otherwise acquiring LDK ADS's. Had plaintiff and the other members of the Class known the truth, they would not have purchased or otherwise acquired said ADS's or would not have acquired them at the inflated prices that were paid.

46. Plaintiff and the other members of the Class have suffered substantial damages as a result of the wrongs herein alleged in an amount to be proved at trial.

15 47. By reason of the foregoing, defendants directly violated Section 10(b) of the
16 Exchange Act and Rule 10b-5 promulgated thereunder in that it: (a) employed devices, schemes,
17 and artifices to defraud; (b) made untrue statements of material facts or omitted to state material
18 facts necessary in order to make the statements made, in light of the circumstances under which
19 they were made, not misleading; or (c) engaged in acts, practices, and a course of business which
20 operated as a fraud and deceit upon plaintiffs and the other members of the Class in connection
21 with their acquisitions of LDK ADS's during the Class Period.

COUNT II
For Violation of Section 20(a) of the Exchange Act
(Against the Individual Defendants)

24 48. Plaintiff repeats and realleges each and every allegation contained above as if
25 fully set forth herein.

49. The Individual Defendants acted as controlling persons of the Company within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level

1 positions, participation in and/or awareness of the Company's operations, and/or intimate
2 knowledge of the Company's products, sales, accounting, plans and implementation thereof, they
3 had the power to influence and control and did influence and control, directly or indirectly, the
4 decision-making of the Company, including the content and dissemination of the various
5 statements that plaintiffs contend are false and misleading. The Individual Defendants were
6 provided with or had unlimited access to copies of the Company's reports, press releases, public
7 filings and other statements alleged by plaintiffs to be misleading prior to and/or shortly after
8 these statements were issued and had the ability to prevent the issuance of the statements or
9 cause the statements to be corrected.

10 50. The Individual Defendants had direct and supervisory involvement in the day-to-
11 day operations of the Company and, therefore, are presumed to have had the power to control or
12 influence the particular statements giving rise to the securities violations as alleged herein, and
13 exercised the same.

14 51. By virtue of their positions as controlling persons, Individual Defendants are
15 liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of the
16 wrongful conduct, plaintiff and other members of the Class suffered damages in connection with
17 their purchases or acquisitions of the Company's securities during the Class Period.

18 **NO SAFE HARBOR**

19 52. The statutory safe harbor provided for forward-looking statements under certain
20 circumstances does not apply to any of the allegedly false statements pleaded in this Complaint.
21 The statements alleged to be false and misleading herein all relate to then-existing facts and
22 conditions. In addition, to the extent certain of the statements alleged to be false may be
23 characterized as forward looking, they were not identified as "forward-looking statements" when
24 made, there was no statement made with respect to any of those representations forming the basis
25 of this Complaint that actual results "could differ materially from those projected," and there
26 were no meaningful cautionary statements identifying important factors that could cause actual
27 results to differ materially from those in the purportedly forward-looking statements. In the
28 alternative, to the extent that the statutory safe harbor is intended to apply to any forward-looking

1 statements pleaded herein, Defendants are liable for those false forward-looking statements
2 because at the time each of those forward-looking statements was made, the speaker had actual
3 knowledge that the forward-looking statement was materially false or misleading, and/or the
4 forward-looking statement was authorized or approved by an executive officer of LDK who
5 knew that the statement was false when made.

6 **PRAYER FOR RELIEF**

7 **WHEREFORE**, Plaintiff, on behalf of himself and all other Class members, prays for
8 judgment as follows:

9 A. A determination that this action is a proper class action and a certification of the
10 Class under Rule 23 of the Federal Rules of Civil Procedure;

11 B. An award of compensatory damages in favor of Plaintiff and the other Class
12 members against all Defendants for damages sustained as a result of Defendants' wrongdoing,
13 including interest thereon;

14 C. An award to Plaintiff and the Class of their reasonable costs and expenses
15 incurred in this action, including counsel fees, expert fees and other disbursements; and

16 D. A grant of such other relief as the Court may deem just and proper.

17 **JURY DEMAND**

18 Plaintiff demands a trial by jury.

19 Dated: October 12, 2007

By: 
LIONEL GLANCY #134180

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Attorneys for Plaintiff

**CERTIFICATION OF LEAD PLAINTIFF
PURSUANT TO FEDERAL SECURITIES LAWS**

I, _____, declare as follows:

1. I have reviewed a copy of the complaint filed in this action.
2. I did not purchase the security that is the subject of this action [LDK Solar, Co., LTD (LDK)] at the direction of counsel, Abbey Spanier Rodd & Abrams, LLP, or in order to participate in any private action arising under the Private Securities Litigation Reform Act (the "PSLRA").
3. I am willing to serve as a representative party on behalf of a class and will testify at deposition and trial, if necessary.
4. My transactions in the security that is the subject of this litigation during the class period set forth in the complaint are as follows:

Security (Common Stock, Call, Put, Bonds)	Transaction (Purchase/Sale)	Quantity	Trade Date	Price Per Share/ Security
LDK SOLAR	Purchase	600	9/27/07	74.60 / 44.934

*List additional transactions on a separate sheet of paper, if necessary. If the securities were purchased by joint owners, please provide the above information for the co-owner.

5. I have not served as or sought to serve as a representative party on behalf of a class during the last three years, except as stated herein:
6. I will not accept any payment for serving as a representative party, except to receive my pro rata share of any recovery or as ordered or approved by the court or any award to me by the Court of reasonable costs and expenses (including lost wages) directly relating to my representation of the class.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: 10/10/07

Signed: Fredric Greenwald

Print Name: FREDRIC GREENWALD